

|                    |          |
|--------------------|----------|
| Royalty Year 1     | \$20,250 |
| Royalty Year 2     | \$29,000 |
| Royalty Year 3     | \$39,750 |
| Royalty Year 4     | \$50,500 |
| Royalty Years 5-10 | \$61,250 |

The Minimum Royalties are based upon a standard Protected Area. The Minimum Royalties are calculated based upon Royalty Year periods. If in any year you have not paid Royalties to us in an amount that is equal to or in excess of the amount of the Minimum Royalties for such year, then you shall pay to us an amount equal to the difference between the Minimum Royalties for such year and the amount of Royalties paid during such year (the “Catch-Up Payment”). You will pay us the Catch-Up Payment within 30 days of the end of the applicable Royalty Year. If you have made 3 Catch-Up Payments during the term, thereafter we may at our option allow you to make a Catch-Up Payment or terminate your Agreement without the ability to correct the default.

If you are acquiring a Franchised Business Center as a transfer from an existing franchisee, your Royalty Years for the purpose of calculating Minimum Royalties, only, will typically be under the 5-10 year category, but the sales level of the existing Franchised Business Center being transferred will also be a consideration for using a different Royalty Year as a starting point. Please review Note 4, above, regarding the calculation of Gross Sales for the purpose of determining Royalty Thresholds and Brand Fund Fees. If you are acquiring your Franchised Business Center under a Conversion or Acquire and Convert Pathway and meet certain requirements, Minimum Royalties will not apply until the first full Royalty Year after the (2) year anniversary of the opening date of the Franchised Business Center, at which time you will pay Minimum Royalties according to Royalty Year 3, with increases thereafter. The royalties described in Item 19 in the labeled “Certain Information For Business Centers For Calendar Year 2024” include Royalties but do not include any Minimum Royalties paid by any franchisee.

In addition, regardless of your sales level, during each Royalty Year, you must pay us Brand Fund Fees equal to at least the minimum amounts set forth below (the “Minimum Brand Fund Fee”):

| <b>Royalty Year</b>                              | <b>Minimum Brand Fund Fee</b> |
|--|-------------------------------|
| Effective Date until beginning of Royalty Year 1 | \$0                           |
| Royalty Year 1                                   | \$7,250                       |
| Royalty Year 2                                   | \$10,500                      |
| Royalty Year 3                                   | \$14,000                      |
| Royalty Year 4                                   | \$18,000                      |
| Royalty Years 5-10                               | \$22,000                      |

The Minimum Brand Fund Fee is calculated based upon Royalty Year periods. If in any year you have not paid Brand Fund Fees to us in an amount that is equal to or in excess of the amount of the Minimum Brand Fund Fee for such year, then you must pay to us an amount equal to the difference between the Minimum Brand Fund Fee for such year and the amount of Brand Fund Fees paid during such year (the “Brand Fund Fee Catch-Up Payment”). You will pay us the Brand Fund Fee Catch-Up Payment within 30 days of the end of the applicable Royalty Year.

We have instituted an incentive program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, the following fees will be reduced as follows for the first year following the Effective Date of the Franchise Agreement: (i) Royalties will be fixed at 3% of Gross Sales; (ii) the Brand Fund Fee will be fixed at 1% of Gross Sales.

8. The Managed Services Program fee covers certain mandatory programs that are part of our Managed Services Program. The fee covers the costs of these mandatory programs, which currently are: *Print Speak Platform (CRM)* (\$3,000 - \$9,000 annual fee, based on sales volume); *PrintSmith Vision (MIS) Support* (\$3,984 annual fee; see Note 11); *G Suite by Google* (\$1,080 annual fee); *Message on Hold* (\$240 annual fee); *Financial Management Software* (\$360 annual fee for single franchise; \$480 annual fee for multiple franchises); *agOnline Premium* (\$5,248 annual fee); *agOnline to MIS Integration* (\$1,800 annual fee); *Industry Subscriptions* (\$144 annual fee); *PCI DSS Compliance* (\$144 to \$240 annual fee); *Franchisee Website Systems* (\$1,080 annual fee). (See Item 8.)

The Managed Services Program fee also covers certain optional services that are part of our Managed Services Program. As a franchisee in our System, you may take advantage of preferred pricing for various services from a number of outside third-party vendors based on business we provide to them. You pay for the optional services you choose. We aggregate the amounts due to the third-party vendors for various services. You pay us a monthly fee based on the aggregate services that you receive. The higher range of the optional Managed Services Program fee assumes that you have elected all of the optional services offered as part of the Managed Service Program, including payment for the additional MIS integration for agOnline Professional, and the optional managed firewall service from Security Metrics described below, as well as one additional G Suite by Google license for \$108 per year. (See Item 8.) The top-end Managed Services Program fee may be higher if you choose to purchase additional agOnline Professional services or if you purchase additional Google Apps for Work accounts. These programs are currently optional; however, we may make one or more of the optional programs mandatory as part of the System Standards at any time. Current examples of optional services include: agOnline modules (from \$638 up to \$8,299 annual fee); managed firewall service from Security Metrics (\$1,140 annual fee); certain additional PCI DSS services (additional \$96 annual fee); optional ShipLeap shipping software (\$1,020 or \$1,222 per year depending on the selected subscription); optional CareerPlug applicant tracking system software (annual fee of \$480); optional PrintSmith Vision modules (annual fee of up to \$4,062); Color Management System to participate in National Programs (e-commerce) (annual fee of \$300); FTP Server for file hosting (annual fee of \$60). (See Item 8.)

If you have more than one Franchised Business Center (which are not within the same protected area), you may take advantage of our shared services program with lower Managed Services Program fees for some services, such as for agOnline.

We may make changes to the mandatory and/or optional services encompassed in the Managed Services Programs fee at any time. We reserve our right to require additional or substitute mandatory services, to change required vendors for certain mandatory services, and/or to remove certain services from the list of mandatory services (or make such services optional) encompassed in the Managed Service Program fee. Such changes, which could occur at any time, may result in changes to the amount of your Managed Service Program fee. In addition, the amounts charged for both mandatory and optional services may change from time to time at any time. We aggregate the yearly fees charged for the mandatory programs and the optional services you choose. We then divide that amount by 12 to determine your monthly Managed Services Program fee. The precise amount of your monthly Managed Services Program fee may change at any time if there are changes to the programs and services included in the Managed Services Program or amounts charged by third-party vendors for such programs and services. The programs and services included in the Managed Services Program will change over time based on our requirements and your feedback.

Managed Services Program fees are payable starting on the first of the month following the signing of the Franchise Agreement. For all pathways other than transfers, the fee is calculated based on

the granting of access to each of the mandatory and selected optional services; the full fee for all required and selected optional services will be due and payable no later than the first of the month following the opening of the Center. For transfers, the fee is calculated by adding the fees for all mandatory and selected optional services.

We have instituted an incentive program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, certain Managed Service Program fees will be prepaid as follows: (i) the monthly PrintSmith Vision fee shall be a prepaid fee in the amount of \$5,500, which fee covers the first 24 months (valued at \$7,200); (ii) the monthly agOnline fee shall be a prepaid fee in the amount of \$7,200, which fee covers the first 24 months (valued at \$9,864); (iii) the monthly CRM fee shall be a prepaid fee in the amount of \$4,500, which fee covers the first 24 months (variable value between \$6,000-\$18,000).

If you are an existing AlphaGraphics franchisee who has been approved to operate a second center in your territory, your minimum mandatory Managed Service Program fees for the second center will be \$865.23 per month.

9. The MIS System Fee is paid to us either (i) one week before you attend initial training if you are under a New Business Center Pathway, or (ii) the earlier of the time you open your Franchised Business Center or convert to our current designated MIS System in all other cases. Currently, you must enter into the PrintSmith Vision License and Support Agreement (Schedule C to the Franchise Agreement) for the license and ongoing support of the MIS System Fee.

If you are acquiring a Franchised Business Center through the Conversion or an Acquire and Convert Pathway, your MIS System Fee may be different as follows: (i) if the business currently licenses and uses PrintSmith Vision SaaS, you will not pay an initial license fee and (ii) if the business currently licenses and uses another software program (not PrintSmith Vision SaaS), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to PrintSmith Vision SaaS and pay the initial license fee of \$15,000 and (iii) if the business currently licenses any PrintSmith software program other than the PrintSmith Vision SaaS software that we utilize, you may take advantage of any discounts that PrintSmith is offering to pay a reduced fee to upgrade instead of the initial license fee of \$15,000.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your MIS System Fee may be different as follows: if the business currently licenses and uses PrintSmith Vision SaaS, you will not pay an initial license fee.

If your Franchised Business Center is subject to a Support Program as described in Item 5, your MIS System Fee is waived.

We have instituted a 2025 Incentive Program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, we will waive the initial MIS System Fee. We will reduce the MIS System Fee (PrintSmith Vision Fee) to \$7,500 if you are (i) an Acquire and Convert franchisee, (ii) the existing business that you are converting had over \$1,000,000 in annual gross sales during any consecutive twelve (12) month period between January 2023 and December 2024, and (iii) you close on the purchase of the existing business you are converting within six (6) months of the Effective Date of the Franchise Agreement. We also will reduce the MIS System Fee (PrintSmith Vision Fee) to \$7,500 if you are (i) a Conversion Business Center franchisee, and (ii) your existing business had over \$2,000,000 in

annual gross sales during any consecutive twelve (12) month period between January 2023 and December 2024.

10. The Print Speak CRM System Fee is the initial license fee associated with the Print Speak CRM Platform. It is paid to us either (i) one week before you attend initial training if you are under a New Business Center Pathway, or (ii) the earlier of the time you open your Franchised Business Center or, as described below, upon your conversion to the Print Speak CRM. The Print Speak CRM System Fee is \$250 - \$750 which initial fee will be determined based on the Print Speak CRM Level you select as described more in Item 8 below: \$250 for Level 1, \$375 for Level 2, \$500 for Level 3, or \$750 for Level 4. If you are acquiring a Franchised Business Center through the New Business Center Pathway, your Print Speak CRM System fee is \$250.

Ongoing license fees associated with Print Speak are included in the Managed Services Program fee described in Note 8 above.

If you are acquiring a Franchised Business Center through the Conversion or an Acquire and Convert Pathway, your CRM System Fee may be different as follows: (i) if the business currently licenses and uses Print Speak, you will not pay an initial license fee and (ii) if the business currently licenses and uses another software program (not Print Speak), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to Print Speak and pay the initial license fee described above.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your CRM System Fee may be different as follows: if the business currently licenses and uses Print Speak, you will not pay an initial license fee.

We have instituted a 2025 Incentive Program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, we will waive the initial Print Speak CRM System Fee.

11. The agOnline System Fee is paid to us at the time you open your Franchised Business Center and is non-refundable. If you are acquiring a Franchised Business Center through the Conversion or an Acquire and Convert Pathway, your agOnline System Fee may be different as follows: (i) if the business currently licenses and uses XMPie® agOnline, you will not pay an initial license fee, (ii) if the business currently licenses and uses another software program (not XMPie agOnline) you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to XMPie agOnline and pay the initial license fee of \$1,500.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your agOnline System Fee may be different as follows: (i) if the business currently licenses and uses XMPie agOnline, you will not pay an initial license fee, (ii) if the business currently licenses any other software program (not XMPie agOnline) you may continue to use this software temporarily for up to 6 months from the purchase date, at which time you must switch to XMPie agOnline and pay an initial license fee of \$1,500.

We have instituted a 2025 Incentive Program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, we will waive the initial agOnline System Fee.

12. Our network conference is generally held once a year in varying locations in the United States and typically lasts 4 days. Our network conference offers classes taught by subject-matter experts,

demonstrations and visual displays, which introduce franchisees to the newest technologies emerging in the industry and teach marketing and strategic skills to help build our franchisees' businesses. It also provides robust peer-to-peer (formal and informal) learning opportunities. Our network conference registration fee is currently \$725 per person. As a default, each center will pay one (1) conference registration fee monthly over a twelve-month period (Jan. – Dec.); that is \$60.42 per month. The option to pay the conference fee in its entirety (a "Pay Now" option) will be available for a two-week period when registration opens (typically March 1). By attending the network conference, you will also incur other costs, including food, lodging, transportation and other expenses. There will be no credit of conference payments due to non-attendance. If you are unable to attend due to unforeseen circumstances, it is deemed reasonable to send a substitute from your team in your place. In the case in which the Center is in the process of being sold, the selling owner and buyer will negotiate the conference payments within the context of the purchase agreement. This does not waive the attendance requirement. Portions of our network conference may be held jointly with other brands of our affiliates. We reserve the right to conduct all or part of our network conference via teleconference, video conference, or through other remote/virtual means.

13. Transfer. The Transfer Fee, which is payable by the transferee in lieu of an Initial Franchisee Fee, is \$49,750. Under certain circumstances, we will reduce the Transfer Fee. If the transferee is an existing AlphaGraphics franchisee or the owner of a controlling interest in a Franchised Business Center, we will reduce the Transfer Fee by 50%. If the transferee is a first or second degree relative of you or your owner or if the transferee is an employee of any franchised or corporate AlphaGraphics Business Center, we will reduce the Transfer Fee by 70%. In certain cases, the Transfer Fee may be waived under our Legacy Program. We reserve the right to change the Legacy Program at any time. There is no Transfer Fee associated with a transfer by you to a legal entity which is controlled by the same individuals who are the existing franchisees. The Transfer Fee is due at the time we grant our conditional consent to the transfer or when the transferee signs our then-current form of Franchise Agreement, whichever is earlier; however, we have instituted an incentive program that offers a payment plan for the Transfer Fee. If you are a transferee and you execute a binding agreement with us in connection with or in anticipate of the transfer, you may pay 50% of the Transfer Fee under execution of such agreement and the remaining balance of the Transfer Fee in six (6) equal installments beginning on the first day of the calendar month following the effective date of the Franchise Agreement. This incentive is not available if the transferee or its affiliate is an existing AlphaGraphics franchisee. The Transfer Fee is not refundable.

Under certain circumstances, we may determine that a Franchised Business Center qualifies for additional financial and operational support upon transfer ("Support Program"). In making that determination, we may take into account: current ownership, operational compliance, sales or lack thereof, financial management of the Franchised Business Center, current client base, and current staffing levels, tenure and training. If that determination is made, the transferee may pay the Transfer Fee in 12 monthly installments with the first installment due upon signing of the Franchise Agreement.

14. Audit fees are determined by the condition of your records, the volume of records and transactions, the scope of work necessary, travel time and costs, length of time necessary to conduct the audit, and other unpredictable elements.
15. If you fail to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we may obtain insurance coverage for you and you will pay to us any costs and premiums incurred by us.
16. If you are in default of your Franchise Agreement and you fail to timely cure the default, we may,

at our option, charge a non-compliance fee in the amount of 2% of Gross Sales payable to us in the same manner as the Royalties and a non-compliance fee in the amount of 0.5% of Gross Sales payable to us in the same manner as the Brand Fund Fee. The Non-Compliance Fee will continue until the default is cured.

17. We have instituted a 2025 Incentive Program. If you are (i) a Conversion Business Center franchisee, and (ii) your existing business had under \$2,000,000 in annual gross sales during any consecutive twelve (12) month period between January 2023 and December 2024, then, so long as you are in full compliance with your Franchise Agreement and all other related agreements, your obligation to pay Royalties will be waived for the first three (3) months following the opening date of the Business Center. Following the three (3) month anniversary of the opening date of the Franchised Business Center, you will pay Royalties as described in Notes 5, 7, and 8 above. If you are (i) a Conversion Business Center franchisee, and (ii) your existing business had over \$2,000,000 in annual gross sales during any consecutive twelve (12) month period between January 2023 and December 2024, then, so long as you are in full compliance with your Franchise Agreement and all other related agreements, your obligation to pay Royalties will be waived for the first six (6) months following the opening date of the Business Center. Following the six (6) month anniversary of the opening date of the Business Center, you will pay Royalties as described in Notes 5 through 8 above.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

**TABLE 7-1. YOUR ESTIMATED INITIAL INVESTMENT –  
NEW BUSINESS CENTER PATHWAY**

| Type of Expenditure  | Amount <sup>1</sup> | Method of payment | When Due  | To Whom Payments Is to be Made |
|--|---------------------|-------------------|---|--------------------------------|
| Initial Franchise Fee <sup>2</sup>                                 | \$49,750            | Lump Sum          | Due when you sign the Franchise Agreement   | Us                             |
| Opening/Reopening Performance Package <sup>2</sup>                 | \$14,500            | Lump Sum          | Due when you sign the Franchise Agreement   | Us                             |
| Center Development Package <sup>3</sup>                            | \$152,089           | Lump Sum          | Due when you sign the lease for your Franchised Business Center premises or 90 days prior to the projected opening date of your Franchised Business Center, whichever is later. | Us                             |
| MIS System (PrintSmith Vision) <sup>4</sup>                        | \$15,000            | As Arranged       | Due one week prior to attending training  | Us or Vendor                   |
| CRM System (Print Speak) <sup>4</sup>                              | \$250               | As Arranged       | Due one week prior to attending training  | Us                             |
| agOnline System <sup>4</sup>                                       | \$1,500             | As Arranged       | Due when you open your Franchised Business Center   | Us                             |
| Real Estate & Leasehold Improvements and Construction <sup>5</sup> | \$10,000 – \$40,000 | As Arranged       | As Incurred   | Landlord/ Contractor/ Vendors  |
| Digital Printing Equipment <sup>6</sup>                            | \$0 – \$3,600       | As Arranged       | As Incurred   | Vendors/ Contractors           |
| Finance Costs <sup>7</sup>   | \$0 – \$17,000      | As Arranged       | As Incurred   | Vendors                        |

| Type of Expenditure                       | Amount <sup>1</sup>                       | Method of payment | When Due    | To Whom Payments Is to be Made                   |
|---|---|-------------------|-------------|--|
| Miscellaneous Opening Costs <sup>8</sup>  | \$600 – \$6,800                           | As Arranged       | As Incurred | Vendors/Professionals / Governmental Authorities |
| Travel and Expense for Training           | \$2,100 – \$4,200                         | As Arranged       | As Incurred | Vendors  |
| Additional Funds – 12 months <sup>9</sup> | \$50,000 – \$74,000                       | As Arranged       | As Incurred | Vendors/ Employees                               |
| <b>TOTAL<sup>10</sup></b>                 | <b>\$295,789 – \$378,689<sup>10</sup></b> |                   |             |  |

The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.

### **Explanatory Notes:**

1. Unless otherwise stated, these amounts are not refundable, except as you may arrange for real estate security deposits, utility deposits, or other third-party payments. These estimates do not include the cost to purchase the business of one of our existing franchisees under a transfer, which may substantially increase your initial investment. Sales tax is not included in these fees but may be payable.
2. We describe the Initial Franchise Fee and the Opening/Reopening Performance Package in Item 5.
3. If you are a New Business Center Franchisee, you must purchase from us our Center Development Package for \$152,089. The Center Development Package, which we describe in Item 5, includes the initial cost of your computer system and certain other equipment, signage, and supplies listed in Schedule H to the Franchise Agreement. If you are an existing AlphaGraphics franchisee purchasing another AlphaGraphics franchise, we may, at our sole option, allow you to obtain certain equipment, fixtures, or supplies listed in Schedule H of the Franchise Agreement from an alternative source, which items and sources must meet our specifications, for use in your new Franchised Business Center. In such circumstances, you must pay the full Center Development Fee, but we will issue credits to you for the specific equipment, fixtures, or supplies that will not be included in your Center Development Package and that we authorize you to obtain from an alternative source.
4. We describe the MIS System (PrintSmith Vision), CRM System (Print Speak), and agOnline System in Item 6.
5. The typical start-up Franchised Business Center site is approximately 1,400 to 1,900 square feet. The disclosed low-high range includes deposits and costs for Franchised Business Centers opened from 2022 through 2024 for the business centers in our recommended size range, but not the purchase of land and building (because we do not require you to purchase your premises). This range includes items related to leasehold improvements such as architectural and permitting fees, deposits and other typical build-out costs. These costs can range significantly depending upon local markets and availability of suitable sites. Monthly rental rates could range between \$1,800 to \$3,750 based upon local market availability, size, condition, location of the property and negotiations with the landlord.
6. You must lease or purchase digital printing equipment that meets our specifications. The digital printing equipment consists of one digital color printer with color print controller. We recommend that you lease this equipment. This equipment is leased at a monthly cost of between approximately

\$1,135 and \$1,300. In many cases, there are no lease payments due prior to opening your Center. The high end of the estimate in Table 7-1 is for three months of lease payments at the high end of the estimated monthly cost. You must purchase service contracts for all of the digital printing equipment. In addition, there is a per impression service charge. Should you choose to purchase the digital printing equipment instead of leasing, the cost ranges from approximately \$58,840 - \$66,220. Some Franchised Business Center franchisees elect to purchase additional digital print equipment later. The costs indicated for digital printing equipment may increase or decrease based on a variety of factors beyond our control. These include, but are not limited to, pricing changes by the vendor, substitution of an alternative piece of equipment by the vendor, availability of the equipment from the vendor and continued operation of the vendor. At times, we may also see fit to change the Operations Manual and/or system Standards (see Item 11), which may change the required digital printing equipment. Such changes may impact the cost of digital printing equipment.

7. You could incur these costs if you finance your initial investment.
8. This item covers miscellaneous opening costs and expenses, including utility deposits, licenses, attorneys' and accountants' fees.
9. Additional funds are provided only as estimates and apply only to your initial 12 months of operations. Additional funds include working capital and other start-up expenses. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial 12-month phase of operations. This estimate also includes insurance, supplies and payroll costs, but not any draw or salary for you or your living expenses. If you hire a full-time manager to satisfy the 40 hours per week outside sales requirement, you might need additional funds. We have made certain assumptions based on revenue, operating costs, SBA guaranteed financing costs and payments and costs for building rents in reaching this estimate.
10. To compile these estimates, we relied on our franchisees' experience in operating the same type of business, our experience in franchising the same type of business and our franchisees' performance. Inflation may impact various costs. Tariffs and worldwide events may directly or indirectly impact various costs. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan. The total estimated range for a Franchised Business Center includes many variables. If you are opening a Franchised Business Center through a transfer from an existing franchisee, then your costs will likely vary depending on the amount you pay to purchase the Business Center.

**TABLE 7-2. YOUR ESTIMATED INITIAL INVESTMENT – ACQUIRE AND CONVERT PATHWAY**

| Type of Expenditure                                | Amount <sup>1</sup> | Method of payment | When Due                                  | To Whom Payments Is to |
|--|---------------------|-------------------|---|------------------------|
| Initial Franchise Fee <sup>2</sup>                 | \$49,750            | Lump Sum          | Due when you sign the Franchise Agreement | Us                     |
| Opening/Reopening Performance Package <sup>2</sup> | \$7,500             | Lump Sum          | Due when you sign the Franchise Agreement | Us                     |



| Type of Expenditure  | Amount <sup>1</sup>         | Method of payment | When Due  | To Whom Payments Is to                                 |
|--|-----------------------------|-------------------|---|--|
| MIS System (PrintSmith Vision) <sup>3</sup>  | \$15,000                    | As Arranged       | Due when you open your Franchised Business Center | Us   |
| CRM System (Print Speak) <sup>3</sup>  | \$250 - \$750               | As Arranged       | Due when you open your Franchised Business Center | Us   |
| agOnline System <sup>3</sup>   | \$1,500                     | As Arranged       | Due when you open your Franchised Business Center | Us   |
| Real Estate & Authorized Location Improvements <sup>4</sup>  | \$1,500 – \$40,000          | As Arranged       | As Incurred                                       | Landlord/<br>Contractor/<br>Vendors                    |
| Equipment, Furniture, Fixtures, Signs, Inventory, Construction, Remodeling and Decorating Costs <sup>5</sup> | \$0 – \$105,955             | As Arranged       | As Incurred                                       | Vendors/<br>Contractors                                |
| Finance Costs <sup>6</sup>   | \$0 – \$17,000              | As Arranged       | As Incurred                                       | Vendors  |
| Miscellaneous Opening Costs <sup>7</sup>   | \$600 – \$6,800             | As Arranged       | As Incurred                                       | Vendors/<br>Professionals/<br>Governmental Authorities |
| Travel and Expense for Training  | \$2,100 – \$4,200           | As Arranged       | As Incurred                                       | Vendors  |
| Additional Funds – 12 months <sup>8</sup>  | \$0 – \$25,000              | As Arranged       | As Incurred                                       | Vendors/<br>Employees                                  |
| <b>TOTAL<sup>9</sup></b>   | <b>\$78,200 – \$273,455</b> |                   |   |  |

If you are opening a Franchised Business Center under the Acquire and Convert Pathway, then your costs will likely vary depending on the amount you pay to purchase the existing business and your costs to convert the business to a Franchised Business Center.

The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.

#### **Explanatory Notes:**

1. Unless otherwise stated, these amounts are not refundable, except as you may arrange for real estate security deposits, utility deposits, or other third-party payments. These costs do not include the purchase price for the existing business you are buying. Sales tax is not included in these fees but may be payable.
2. We describe the Initial Franchise Fee and the Opening/Reopening Performance Package in Item 5.
3. We describe the MIS System (PrintSmith Vision), CRM System (Print Speak), and agOnline System in Item 6.
4. This assumes that you will lease the real estate for the business location you are acquiring.
5. The amounts provided assume that the business you are acquiring currently operates a typical graphics related business and that you will acquire the furniture, fixtures, signs, equipment and

inventory of the existing business. Because you are acquiring an existing business, you may have fewer fees, depending upon the business you acquire. The cost of any additional furniture, fixtures, signs, equipment and inventory you will need will vary greatly depending upon the size, type of tangible assets and configuration of the existing business you acquire. At a minimum, you will need to replace signs, add décor and make other branding and equipment changes to comply with our System Standards (see Items 8 and 11). The low end of this range includes signage and a kiosk only; the high end of this range includes new equipment as described in Note 3 of Table 7-1, above, including our recommendations regarding leasing the digital printing equipment. Please refer to Note 6 of Table 7-1, above. You must fully comply with all the Operations Manual and the System Standards within 6 months of signing the Franchise Agreement. The amount listed is an estimate based on current known equipment specifications and costs. The equipment purchased or in current use must meet our specifications. These figures assume that your existing inventory, furniture, and technology equipment all meet our specifications. There are variables within the décor and signage packages that are determined solely by the size, location and layout of the Franchised Business Center that may impact your aggregate costs.

As part of the Acquire and Convert Pathway, we will review with you asset lists and other information to determine what you need to do to convert the business to an AlphaGraphics Business Center. In isolated instances the initial investment could be significantly more if the existing business is in a state that requires major work and a complete overhaul to comply with our Operations Manual and System Standards. The costs indicated for the equipment package and the digital printing equipment may increase or decrease based on a variety of factors beyond our control. These include but are not limited to pricing changes by the vendor, substitution of an alternative piece of equipment by the vendor, availability of the equipment by the vendor or continued operation of the vendor. At times, we may also see fit to change the Operations Manual and System Standards, which may change the required package. Such changes may impact the cost of the equipment package.

6. You could incur these amounts if you finance your investment.
7. This item covers miscellaneous opening costs and expenses, including utility deposits, licenses, attorneys' and accountants' fees.
8. Additional funds are provided only as estimates and apply only to your initial 12-months of operations. Additional funds include working capital and other start-up expenses. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial 12-month phase of operations. This estimate also includes insurance, supplies and payroll costs, but not any draw or salary for you or your living expenses. If you hire a full-time manager to satisfy the 40 hours per week outside sales requirement, you might need additional funds. We have made certain assumptions based on revenue, operating costs, SBA guaranteed financing costs and payments and costs for building rents in reaching this estimate.

Your costs may be lower if you qualify for certain royalty reductions (see Item 6) because the business you acquire and convert meets minimum annual sales thresholds.

9. To compile these estimates, we relied on our franchisees' experience in converting existing graphics related businesses to Franchised Business Centers, our experience in franchising the same type of business and our franchisees' performance. Inflation may impact various costs. Except as disclosed in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.